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J.M. Schneider, Limited Annual Report 1971



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Annual Meeting

The Annual General Meeting
of shareholders will be held at
the Valhalla Inn (formerly the
Inn of the Black Walnut),
Kitchener, Ontario, on
Wednesday, April 5, 1972, at
7:30 p.m. Shareholders are
cordially invited to attend.

J.M. Schneider, Limited Annual Report 1971

FOR THE FISCAL YEAR ENDED OCTOBER 30, 1971

Financial Highlights

	<u>1971</u>	<u>1970</u>
Sales	\$84,163,000	\$79,289,000
Net earnings	\$ 1,586,000	\$ 1,347,000
Per share	84¢	71¢
Percent of sales	1.88%	1.70%
Percent of shareholders' equity	10.97%	10.08%
Dividends (including tax paid on undistributed income)	\$ 494,000	\$ 456,000
Per share	26¢	24¢
Working capital	\$ 5,618,000	\$ 4,832,000
Working capital ratio	2.31	2.43
Shareholders' equity	\$14,452,000	\$13,360,000
Per share	\$ 7.61	\$ 7.04

Earnings Net earnings rose to a record \$1,586,000 in 1971, an increase over last year of \$239,000. The earnings per share were 84¢ compared to 71¢ per share in 1970.

Sales A new high in dollar sales was established in 1971. For the year ended October 30, sales amounted to \$84,163,000 compared with \$79,289,000 the previous year. This was an increase of \$4,874,000 or 6.1%.

Product sales volume for 1971 increased by 10.6%.

Taxes Income taxes payable for the year amounted to \$1,487,000 compared to \$1,599,000 charged against earnings. The difference of \$112,000 by which Deferred Income Taxes were increased, arose mainly from claiming for income tax purposes maximum capital cost allowance which exceeded the depreciation recorded.

Capital Investment The Company continues to expand and improve its physical assets. In 1971, \$3,509,000 was spent on additions to property, plant and equipment. Over ten million dollars has been spent on capital investments during the past five years. The 1972 capital improvement program is expected to be in excess of \$2,750,000. Depreciation for 1971 was \$1,171,000, an increase over last year of \$173,000.

New Financing During the year the Company completed long-term financing arrangements. The financing in the amount of \$2,000,000 bears interest at 8½% and provides for installment repayments to begin June 1, 1977, final balance due June 1, 1991.

Stockholders' Investment The stockholders' investment on October 30, 1971, amounted to \$14,452,000. This was an increase of \$1,092,000 or 8% over the prior year.

Directors and Officers

DIRECTORS

F. P. SCHNEIDER
R.R. #3 Kitchener
Chairman of the Board

K. G. MURRAY
R.R. #3 Bright
President

N. C. SCHNEIDER
R.R. #1 Preston
Past Chairman

J. D. SMALL
Kitchener
Past President

H. J. SCHNEIDER
R.R. #1 Preston
Vice-President

D. C. JAMIESON
Kitchener
Director of Finance

R. C. SCHEIFLEY
Kitchener
Secretary

H. G. SCHNEIDER
Kitchener
Product Development Manager

J. B. BANKS
Waterloo
Plant Manager

E. H. BULL
R.R. #1 Preston
Fresh Pork Manager

R. W. STEINBERG
Kitchener
Plant Engineer

A. T. L. FRASER
Toronto
Vice-President
McLeod, Young, Weir & Company Limited

G. A. MACKAY, Q.C.
Kitchener
Partner
Bray, Schofield, Mackay, Kirvan & Guy

OFFICERS

FREDERICK PAUL SCHNEIDER
Chairman of the Board

KENNETH GEORGE MURRAY
President

HERBERT JOHN SCHNEIDER
Vice-President

DAWSON CHARLES JAMIESON
Director of Finance and Treasurer

ROY CARL SCHEIFLEY
Secretary

**REGISTRAR and
TRANSFER AGENT**
The Canada Trust Company
Toronto, Montreal, Winnipeg

AUDITORS
Thorne, Gunn, Helliwell & Christenson

SHARES LISTED
Toronto Stock Exchange

Report of the Chairman



F. P. SCHNEIDER

On behalf of the board of directors, I am pleased to report that sales and profits are the highest in your company's history. These are shown for the year ending October 30, 1971, in the balance sheet, tables and graphs in the pages of this annual report. Both dollar sales and net profit again showed a substantial increase, the former rising 6.1% and the latter up 17.7% over 1970.

Your company, subsequent to the 1971 fiscal year end, acquired a controlling interest in Weidman Bros. Limited, of Winnipeg, distributors of dry goods and groceries of all types to the retail and hotel, restaurant and institutional market in Winnipeg. Weidman's sales in 1971 were more than \$13,000,000 and indications based on the results of its operations since the date of our acquisition of control point to an anticipated after-tax profit for the current year of \$100,000.

It is intended to expand this operation to encompass a full range of products required by its customers, including food and non-food items. Schneiders will contribute and benefit by developing with Weidman personnel an improved electronic method of invoicing and inventory control, as well as supplying its full line of meat products to the new organization.

Drapkin & Sons Limited, a frozen food distributing company acquired in Thunder Bay, will work in conjunction with Weidman in giving a similar service in northwestern Ontario.

It is essential that management continually looks for ways to improve return on investment. With this objective, the sale of eggs was discontinued last year; they had been unprofitable for some time. Other areas of the company's business may be discontinued or greatly altered. At the same time, we are looking for other new areas that could improve our return. These could be a diversification into non-meat food processing or an extension into distribution as was done in Winnipeg. Areas or products are sought which will impinge synergistically on existing business, or where Schneiders has a skill or service to contribute which would improve the operation being evaluated.

We see many weaknesses developing in the fabric of our free enterprise system. Marketing boards have been nationalized by Federal Bill C-176 and have now the power to interfere massively in the economics of agriculture. It will take all the skill and patience of those involved if agricultural production is to remain as free and flexible as it needs to be in order for Canadian companies to compete at home and in world markets.

More than ever, we see the desirability of a free economy — free to reward and motivate those best able to serve the needs of consumers, free to weed out the inefficient or those lacking the intuition so necessary in business today. If free enterprise falls to the overkill of proliferating regulation, our country will be the poorer for it.

Early this year construction was started on a \$2,500,000 addition to the Kitchener meat processing plant. The utilization of this space will entail many changes in the "older" building. Product flow and processes will be rationalized, allowing better labour productivity and a slackening in annual staff increases even as throughput continues to rise.

For the future, further extension and penetration in the western Canada markets is planned. We have always preferred to control our own sales and distribution system direct to the retail

outlet or hotel, restaurant or institution. There is no reason to change this policy, although its implementation bears careful analysis and may bring us more directly into distribution than heretofore.

In the last seven years, Schneiders sales have increased by 10.5% per year and earnings per share by 9.6% per year on a compound basis. The last three years have shown sales and earnings increases of 13.3% and 14.6% respectively per year, also compounded. To continue or increase this growth will require management's best efforts, and will probably require diversification into other, more dynamic growth areas than the conventional processed meat lines.

I wish to thank all members of the board of directors for their help and guidance during this past year. Especially valued is the assistance of the company's planning committee composed of our corporate officers. This committee provides continuing help in formulating long-term objectives and strategies, as well as monitoring progress in achieving them.

A handwritten signature in red ink that reads "F. P. Schneider". The signature is fluid and cursive.

F. P. SCHNEIDER,
Chairman of the Board of
Directors

Report of the President



K. G. MURRAY

In recent years Schneiders has been able to show steady increases in earnings and sales. Added to this accomplishment, 1971 can be reported as a most satisfactory year. I am sincerely appreciative of the efforts of the employees who contributed to this achievement.

The results achieved in fiscal 1971 are the efforts of an organization which is enthusiastic, optimistic and one which is capable of satisfying market needs with a sense of urgency. Further, there has been developed a degree of control, through use of the computer, which enables swift identification of variances from objectives so that corrective action can be taken.

PRODUCT DIVISIONS

Sausage and cooked meats were items which made major contributions to overall company results. These contributions were the result of an active product development program and continuing improvement of methods of processing.

The exceptional increase in Canadian hog runs this year enabled the pork division to continue to make significant contributions to profits. In addition, through improved control procedures and a concerted marketing effort, we have been able to achieve an increased market share of the available pork business.

The beef, veal and lamb division was not a strong profit contributor. Competition in the carcass beef business continues to grow through added Canadian slaughter facilities. As this year ended, significant live cattle price advances were underway. This trend will continue through into fiscal 1972.

In the processed fresh and purveyor beef division the company was able to improve results through its ability to quickly develop products to satisfy identified customer needs. We also commenced, during 1971, to develop a customized customer service system.

Fresh poultry sales did not dramatically increase, but there was a significant improvement in profitability. Schneiders is not an integrated poultry processor and thus this division has available to it only profits which come from our poultry slaughtering operation. We will further expand this business but only at a rate which is economically satisfactory. Processed poultry continues to be emphasized, since it is in this area where value can be added which provides additional profit opportunities.

The lard and shortening division is operating at capacity and, through improved processing techniques and customer service, improved profits were achieved in this section of our business.

The per capita consumption of cheese is on the increase. Schneiders was in a position to take advantage of this fact because we had added to our production capacity through the purchase of a cheese plant in eastern Ontario. A strong approach to the cheese market will be maintained.

Canned meats sales increased sharply during fiscal 1971. Considerable capital expenditures were made in this division, thus enabling a broadening of our product line and improved production flow.

HUMAN RESOURCES

People are the foundation of our present achievements and guarantee our continuing strength and success.

With the expansion of interests, the company's policy of offering personal growth opportunities to employees resulted in 90% of the vacancies in management and roles for specialists being filled from within the ranks of those already on the payroll.

An active program of employee training, coupled with selective recruitment, has made it possible for us to find needed talents.

In-company training programs, university extension courses, home study courses and public seminars have all been used in the efforts to keep employees up to date with changing technology and the demands of increased responsibility.

Schneiders enjoys a relatively low employee turnover rate when compared with the community and the industry. An employment program of careful selection, progressive performance counselling, especially during probation periods, and exit interviews have all combined to further reduce the turnover rate.

EMPLOYEE COMMUNICATIONS

Efforts to keep employees knowledgeable about happenings which interest or affect them must reach further afield as our company grows in number of total employees and expands its geographical locations.

The current methods of employee communication include all the conventional informal and formal discussions which take place between management and workers, plus special efforts such as two-way discussions related to performance reviews.

Written communications to all employees include: weekly newsletters; bi-monthly magazines; special letters, published every four weeks, evaluating market, manufacturing and other conditions affecting business results; notice boards widely used within plants and offices for special releases.

LABOUR RELATIONS

Production workers at the plants in Kitchener, Ayr and Wellesley are represented by Schneider's Employees' Association which is certified as a trade union by the Ontario Department of Labour.

The high level of co-operation which has characterized labour-management relations at Schneiders for many years continues. A three-year collective agreement, negotiated effective May 30, 1971, provided for wage increases averaging 9.8%, 7.3% and 7.0% for the first, second and third years of the agreement respectively.

During the past year new or changed government legislation in the fields of sick pay and unemployment insurance, as well as labour relations, has made it necessary to place additional emphasis on the administration of these activities. The management of both of these functions requires an increasing amount of time of both the management staff and the elected representatives of the bargaining body which speaks for the production workers of the company.

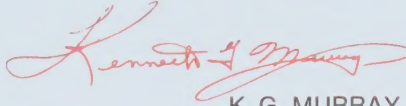
ENVIRONMENT PROGRAM

The company is conscious of its responsibilities as a corporate citizen to effectively treat and control those discharges from operations which deteriorate our natural resources. As a processor of prime agricultural product, and dependent on things natural for growth of this product, we feel we have an obligation to act in a manner which results in wise use of Canada's natural attributes.

We fully support government legislation which is designed to protect and improve the natural environment. In view of this, the company will continue to provide capital for projects which, upon completion, will result in our meeting and exceeding the minimum requirements of such legislation. We strongly submit, however, that legislation at any level of government must be equally applied on

all parties of an industry, wherever they may be located in Canada.

The positive results in fiscal 1971 were achieved, in large measure, because we stress in our business the key components of people, service, process and profit. Our objective is further growth, through continued emphasis on these four important components.



K. G. MURRAY,
President

J. M. Schneider, Limited, Consolidated Balance Sheet — October 30, 1971

Assets

	<u>1971</u>	<u>1970</u>
	(in thousands)	
CURRENT ASSETS		
Accounts receivable	\$ 3,446	\$ 3,009
Inventories (note 2)	5,922	4,733
Other	<u>545</u>	<u>475</u>
TOTAL CURRENT ASSETS	<u>\$ 9,913</u>	<u>\$ 8,217</u>
OTHER ASSETS		
Investment in shares of Schneider-Hormel Limited, at cost (note 3)	\$ 38	\$ 38
Mortgage receivable	<u>20</u>	<u>20</u>
TOTAL OTHER ASSETS	<u>\$ 58</u>	<u>\$ 58</u>
FIXED ASSETS (note 4)		
Land and improved areas, buildings, machinery and equipment, at cost	\$21,364	\$17,854
Less accumulated depreciation	<u>9,317</u>	<u>8,117</u>
TOTAL FIXED ASSETS	<u>\$12,047</u>	<u>\$ 9,737</u>
EXCESS OF COST OVER BOOK VALUE at date of acquiring		
shares of subsidiary company, less amortization (note 1)	<u>\$ 157</u>	<u>\$ —</u>
TOTAL ASSETS	<u><u>\$22,175</u></u>	<u><u>\$18,012</u></u>

Approved by the Board:

F. P. Schneider, Director

D. C. Jamieson, Director

(with comparative figures at October 31, 1970)

Liabilities

	<u>1971</u>	<u>1970</u>
	(in thousands)	
CURRENT LIABILITIES		
Bank advances	\$ 462	\$ 255
Accounts payable and accrued liabilities	3,706	3,007
Income taxes payable	103	112
Principal due within one year on long term debt	<u>24</u>	<u>11</u>
TOTAL CURRENT LIABILITIES	<u>\$ 4,295</u>	<u>\$ 3,385</u>
LONG TERM DEBT (note 5)	<u>\$ 2,218</u>	<u>\$ 169</u>
DEFERRED INCOME TAXES	<u>\$ 1,210</u>	<u>\$ 1,098</u>

Shareholders' Equity

CAPITAL STOCK (note 6)	\$ 1,190	\$ 1,190
CONTRIBUTED SURPLUS (note 7(a))	468	468
RETAINED EARNINGS	<u>12,794</u>	<u>11,702</u>
TOTAL SHAREHOLDERS' EQUITY	<u>\$14,452</u>	<u>\$13,360</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>\$22,175</u></u>	<u><u>\$18,012</u></u>
CONTINGENT LIABILITIES AND COMMITMENTS (notes 3, 4, 7 and 9)		

Auditors' Report

To the Shareholders of J. M. Schneider, Limited

We have examined the consolidated balance sheet of J. M. Schneider, Limited as at October 30, 1971 and the consolidated statements of earnings, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at October 30, 1971 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Kitchener, Ontario
December 3, 1971

THORNE, GUNN, HELLIWELL & CHRISTENSON
Chartered Accountants

J. M. Schneider, Limited, Consolidated Statement of Earnings

Year ended October 30, 1971

(with comparative figures for 1970)

	<u>1971</u>	<u>1970</u>
	(in thousands)	
Sales	<u>\$84,163</u>	<u>\$79,289</u>
Expenses		
Raw materials	\$49,893	\$49,809
Packaging materials	3,985	3,627
Manufacturing	16,641	13,977
Marketing and distribution	6,947	5,902
Administrative and general	2,253	2,098
Interest on long term debt	88	—
Depreciation	<u>1,171</u>	<u>998</u>
	<u>\$80,978</u>	<u>\$76,411</u>
Earnings before income taxes	\$ 3,185	\$ 2,878
Income taxes	<u>1,599</u>	<u>1,531</u>
NET EARNINGS FOR THE YEAR	<u>\$ 1,586</u>	<u>\$ 1,347</u>
Net earnings per share	84¢	71¢

Consolidated Statement of Retained Earnings

Year ended October 30, 1971

(with comparative figures for 1970)

	<u>1971</u>	<u>1970</u>
	(in thousands)	
Balance at beginning of year	\$11,702	\$10,811
Net earnings for the year	<u>1,586</u>	<u>1,347</u>
	<u>\$13,288</u>	<u>\$12,158</u>
Dividends on		
Class B preference shares, in cash	\$ 203	\$ 172
Class C preference shares, in Class A preference shares including tax paid on undistributed income	192	193
Common shares, in cash	<u>99</u>	<u>91</u>
	<u>\$ 494</u>	<u>\$ 456</u>
BALANCE AT END OF YEAR	<u>\$12,794</u>	<u>\$11,702</u>

J. M. Schneider, Limited. Consolidated Statement of Source and Application of Funds

Year ended October 30, 1971

(with comparative figures for 1970)

Source of Funds

1971

(in thousands)

Operations

Net earnings for the year	\$ 1,586
Items not involving current funds	
Depreciation and amortization	1,175
Deferred income taxes	<u>112</u>
	\$ 2,873
Proceeds of long term debt	2,073
Sale of fixed assets	28
Contributed surplus arising from forgivable loan	<u>—</u>
	<u>\$ 4,974</u>

Application of Funds

Additions to fixed assets	\$ 3,509
Dividends, including tax paid on undistributed income	494
Excess of cost over book value at date of acquiring shares of subsidiary company	161
Decrease in non-current portion of long term debt	24
Investment in other assets	<u>—</u>
	<u>\$ 4,188</u>
INCREASE IN WORKING CAPITAL	\$ 786
WORKING CAPITAL AT BEGINNING OF YEAR	<u>4,832</u>
WORKING CAPITAL AT END OF YEAR	<u><u>\$ 5,618</u></u>

J. M. Schneider, Limited, Notes to Consolidated Financial Statements

Year ended October 30, 1971

1. BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of the wholly owned subsidiary companies as follows:

J. M. Schneider (Manitoba) Limited

In 1971, the year ended September 25, 1971.

In 1970, the period from incorporation on March 6, 1970 to September 26, 1970.

Apple Hill Dairy Limited

In 1971, the period from acquisition on January 1, 1971 to August 28, 1971.

The excess of cost over book value at date of acquiring shares of Apple Hill Dairy Limited amounting to \$161,000 is being amortized over forty years with \$4,000 deducted in computing income in 1971.

2. INVENTORIES

	1971	1970
Products	\$5,413,000	\$4,369,000
Supplies	509,000	364,000
	<u>\$5,922,000</u>	<u>\$4,733,000</u>

Products are valued at lower of cost and net realizable value.

Supplies are valued at lower of cost and replacement cost.

3. INVESTMENT IN SHARES OF SCHNEIDER-HORMEL LIMITED, at cost
The company has a 50% interest in Schneider-Hormel Limited, a private company incorporated under the laws of Ontario to market certain types of canned goods and dry sausage. No provision has been made for the company's share of losses incurred since acquisition.

	1971	1970
Share of loss for the period	<u>\$23,000</u>	<u>\$8,000</u>
Share of accumulated losses since acquisition	<u>\$31,000</u>	<u>\$8,000</u>

The company has guaranteed bank advances up to \$750,000 to Schneider-Hormel Limited which advances amounted to \$300,000 at October 30, 1971.

4. FIXED ASSETS

	1971		1970	
	Cost	Accumulated depreciation	Net	Net
Land and improved areas	\$ 580,000	\$ 32,000	\$ 548,000	\$ 542,000
Buildings	9,103,000	2,937,000	6,166,000	4,690,000
Machinery and equipment	11,681,000	6,348,000	5,333,000	4,505,000
	<u>\$21,364,000</u>	<u>\$9,317,000</u>	<u>\$12,047,000</u>	<u>\$9,737,000</u>

Depreciation is provided on a straight line basis to amortize the cost of the assets over their estimated useful life.

Additional outlays of approximately \$500,000 (1970, \$2,300,000) are required for the completion of capital projects.

5. LONG TERM DEBT

	1971	1970
7% First mortgage serial bonds with interest payable semi-annually, principal payable \$12,000 annually and maturing January 2, 1975	\$ 73,000	
9½% Debenture, payable \$2,300 monthly including principal and interest and maturing September 1, 1979	169,000	\$180,000
8½% Debenture, with interest payable semi-annually, principal payable \$100,000 annually commencing June 1, 1977 and maturing June 1, 1991	2,000,000	
	<u>2,242,000</u>	<u>180,000</u>
Less principal included in current liabilities	24,000	11,000
	<u>\$2,218,000</u>	<u>\$169,000</u>

Long term debt is secured by a first mortgage on land and buildings of Apple Hill Dairy Limited, a fixed and specific charge on land, building, fixtures and equipment of J. M. Schneider (Manitoba) Limited and a floating charge on all assets of J. M. Schneider, Limited and J. M. Schneider (Manitoba) Limited.

6. CAPITAL STOCK

During the year 817,847 (1970, 821,522) Class A preference shares were issued as stock dividends and were subsequently redeemed.

The cumulative participating Class B preference shares and the cumulative participating Class C preference shares are convertible one into the other at any time at the option of the holder. By virtue of The Business Corporations Act, 1970 of Ontario, upon any such conversion, the number of authorized and outstanding shares of each class affected by such conversion is changed accordingly.

The authorized and issued capital stock as at October 30, 1971 is as follows:

Authorized		1971	1970
2,953,033	6% Non-voting non-cumulative Class A preference shares redeemable at par value of 20¢ per share (1970, 3,770,880 shares)		
1,760,482	24¢ Cumulative participating Class B preference shares without par value (1970, 1,689,062 shares)		
740,518	24¢ Cumulative participating Class C preference shares without par value (1970, 811,938 shares)		
580,825	Common shares		
Issued			
779,678	Class B preference shares (1970, 708,258 shares)	\$ 489,000	\$ 444,000
739,518	Class C preference shares (1970, 810,938 shares)	463,000	508,000
379,799	Common shares	238,000	238,000
		<u>\$1,190,000</u>	<u>\$1,190,000</u>

Under the J. M. Schneider, Limited Employees Payroll Deduction Capital Stock Purchase Plan the company has reserved 65,000 Class B shares to be offered, from time to time, to employees of the company. Such shares are to be issued at a price not less than 90% of the market price (as defined) on the day the employee entered the plan. No options to purchase Class B shares under this plan were granted during the year.

The company has also reserved under its Stock Option Plan 25,000 Class B shares for issuance upon the exercise of options which may be granted at the discretion of the Board of Directors to executives and key employees of the company. Such shares are to be issued at a price not less than the greater of (a) the average of the high and low sale price for such shares as reported by The Toronto Stock Exchange for the week previous to the time of the granting of the option or (b) 90% of the market price (as defined) of such shares at the time of granting the option. The option period may extend up to five years from date of grant and such option may be exercised in full at any time during such period. Under this plan the company granted, in 1969, options to purchase 3,358 shares at a price of \$7.50 per share. These options have not been exercised and expire July 23, 1974.

7. CONTINGENT LIABILITIES AND COMMITMENTS

- An interest free loan of \$250,000 received from the Ontario Development Corporation in 1970 and included in contributed surplus will be forgiven over a period of six years from the date of receipt provided the company continues to operate its meat processing plant at Ayr, Ontario. An amount of \$25,000 was forgiven during the year.
- It is estimated that the unfunded past service obligation under pension plans amounts to \$758,000. The annual payment required to liquidate this obligation within eighteen years is \$67,000. The company intends to pay this amount within the time permitted or earlier as the cash position of the company permits. The related costs will be charged against income in the year of payment.
- The company is committed under lease agreements, all of which terminate within five years, to pay approximately \$250,000 annually to termination.

8. OTHER STATUTORY INFORMATION

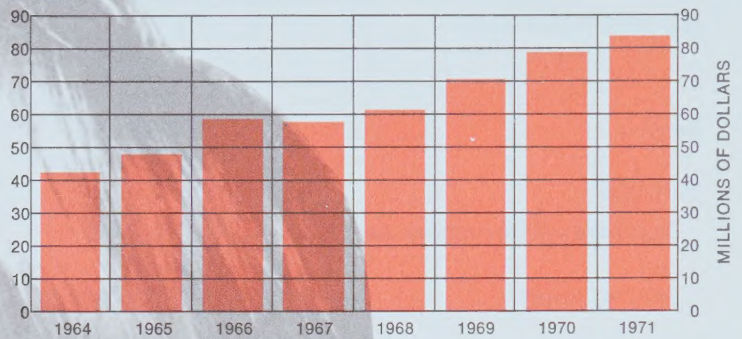
Remuneration of directors and senior officers (as defined by The Business Corporations Act, 1970) for the year amounted to \$343,000 (1970, \$327,000).

9. SUBSEQUENT EVENTS

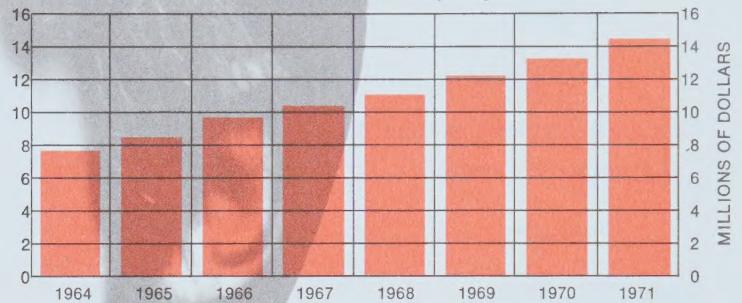
By an agreement dated November 9, 1971 the company agreed to acquire 51% of the issued shares of Weidman Bros. Limited of Winnipeg, Manitoba, a wholesale distributing company, for a total cash consideration of \$350,000. Subject to certain conditions being fulfilled, the closing date will be on or before February 1, 1972.

On November 1, 1971 J. M. Schneider (Manitoba) Limited acquired inventory of frozen food products, land, buildings, equipment and goodwill from Drapkin and Sons Limited and Helen Drapkin of Thunder Bay, Ontario for a total cash consideration of approximately \$255,000.

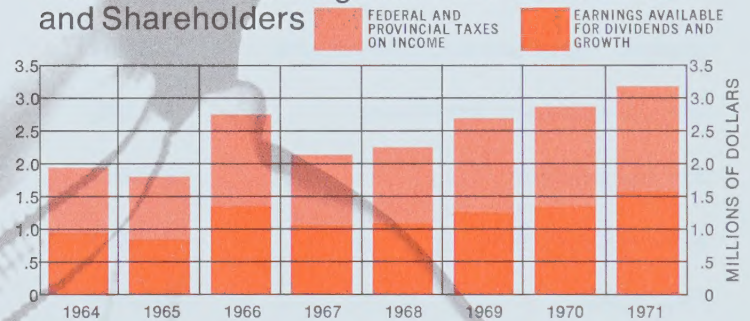
Growth of Sales



Growth of Shareholders' Equity



Allocation of Earnings between Government and Shareholders



How each Sales Dollar was used in 1971

SHAREHOLDERS: For dividend payments to shareholders as a return on their investment in the business. For use in the business to provide for continuous operations and future growth. **GOVERNMENT:** For income tax payments to Federal and Provincial Governments. **OPERATING EXPENSES:** For operating supplies, utilities, business services and selling and administrative expenses (including depreciation and maintenance). **EMPLOYEES:** For wages, salaries, and benefits. **MERCHANDISE:** For live-stock, dressed meat, food products and packaging supplies.



Eight Year Statistical Review

(thousands of dollars)

	<u>1971</u>	<u>1970</u>	<u>1969</u>	<u>1968</u>	<u>1967</u>	<u>1966</u>	<u>1965</u>	<u>1964</u>
Sales	\$84,163	\$79,289	\$70,181	\$61,067	\$57,902	\$58,898	\$48,127	\$42,526
Earnings								
Earnings before income taxes	\$ 3,185	\$ 2,878	\$ 2,693	\$ 2,264	\$ 2,140	\$ 2,745	\$ 1,808	\$ 1,968
Income taxes	\$ 1,599	\$ 1,531	\$ 1,444	\$ 1,195	\$ 1,109	\$ 1,399	\$ 956	\$ 1,003
Net earnings	\$ 1,586	\$ 1,347	\$ 1,249	\$ 1,069	\$ 1,031	\$ 1,346	\$ 852	\$ 965
Per share	84¢	71¢	66¢	56¢	54¢	73¢	46¢	53¢
Percent of sales	1.88%	1.70%	1.77%	1.75%	1.78%	2.29%	1.77%	2.27%
Dividends (including tax paid on undistributed income)	\$ 494	\$ 456	\$ 299	\$ 244	\$ 688	\$ 166	\$ 155	\$ 146
Per share	26¢	24¢	15¾¢	13¢	36¢	9¢	8½¢	8¢
Capital expenditures	\$ 3,509	\$ 1,944	\$ 2,413	\$ 1,355	\$ 1,398	\$ 1,477	\$ 829	\$ 1,399
Depreciation and amortization	\$ 1,175	\$ 998	\$ 888	\$ 859	\$ 776	\$ 626	\$ 571	\$ 525
Salaries, wages and employee benefits ..	\$18,767	\$15,701	\$13,953	\$12,270	\$11,466	\$ 9,978	\$ 8,840	\$ 8,031
Average number of employees	1,985	1,880	1,731	1,733	1,688	1,551	1,438	1,356
Working capital	\$ 5,618	\$ 4,832	\$ 4,348	\$ 4,800	\$ 4,283	\$ 4,391	\$ 3,962	\$ 3,235
Working capital ratio	2.31	2.43	2.23	2.73	3.09	3.29	4.82	3.82
Total assets	\$22,175	\$18,012	\$16,730	\$14,907	\$13,381	\$12,734	\$10,795	\$10,094
Shareholders' equity	\$14,452	\$13,360	\$12,219	\$11,269	\$10,428	\$ 9,739	\$ 8,523	\$ 7,773
Percent return on equity	10.97%	10.08%	10.22%	9.49%	9.89%	13.82%	9.99%	12.41%
Equity per share, in dollars	\$ 7.61	\$ 7.04	\$ 6.43	\$ 5.93	\$ 5.50	\$ 5.28	\$ 4.64	\$ 4.27
Number of shares outstanding (thousands)	1,899	1,899	1,899	1,899	1,897	1,843	1,836	1,821
Number of shareholders	1,955	2,002	1,995	506	455	422	322	272

NOTE: The number of shares outstanding and per share earnings and dividends have been recalculated to give effect to the stock split in 1969.



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